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Bayview Fund Management LLC, each in its
capacity as investment advisor to certain funds,
and for CQS ABS Master Fund Limited and
CQS ABS Alpha Master Fund Limited*

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

-----X
In re : Chapter 11
:
Residential Capital, LLC, *et al.*, : 12-12020 (MG)
:
Debtors. : Jointly Administered
-----X

**DECLARATION OF PAUL V. SHALHOUB IN SUPPORT OF
OBJECTION OF MONARCH ALTERNATIVE CAPITAL LP, STONEHILL
CAPITAL MANAGEMENT LLC, BAYVIEW FUND MANAGEMENT LLC,
CQS ABS MASTER FUND LIMITED AND CQS ABS ALPHA MASTER FUND
LIMITED TO DEBTORS' MOTION PURSUANT TO FED. R. BANKR. P. 9019
FOR APPROVAL OF THE SETTLEMENT AGREEMENT AMONG THE DEBTORS,
FGIC, THE FGIC TRUSTEES AND CERTAIN INSTITUTIONAL INVESTORS**

I, Paul V. Shalhoub, declare as follows:

1. I am a member of the firm of Willkie Farr & Gallagher LLP ("**WF&G**"), which maintains offices for the practice of law at 787 Seventh Avenue, New York, New York 10019, attorneys for Monarch Alternative Capital LP, Stonehill Capital Management LLC and Bayview Fund Management LLC, each in its capacity as investment advisor to certain funds, and to CQS

ABS Master Fund Limited and CQS ABS Alpha Master Fund Limited (collectively, the “Investors”) in the above-captioned action.

2. I respectfully submit this Declaration in support of the Investors’ Objection to Debtors’ Motion Pursuant to Fed. R. Bankr. P. 9019 for Approval of the Settlement Agreement Among the Debtors, FGIC, the FGIC Trustees and Certain Institutional Investors, dated July 29, 2013.

3. Attached as Exhibit A is a true and correct copy of the Affidavit of Michael W. Miller in Further Support of Approval of First Amended Plan of Rehabilitation, dated December 12, 2012.

4. Attached as Exhibit B and filed under seal is a true and correct copy of the Duff & Phelps FGIC Commutation Proposal Discussion Materials.

5. Attached as Exhibit C is a true and correct copy of the *Objection of Monarch Alternative Capital LP, Stonehill Capital Management LLC, Bayview Fund Management LLC, CQS ABS Master Fund Limited and CQS ABS Alpha Master Fund Limited to Rehabilitator’s Motion for Order Pursuant to Section 7428 of New York Insurance Law Approving (I) that Certain Settlement Agreement Among the Debtors, FGIC, the Trustees and Certain Institutional Investors, dated May 23, 2013, and (II) that Certain Plan Support Agreement Among the Debtors, Ally Financial Inc., the Creditors’ Committee, FGIC and the Other Consenting Claimants, dated May 13, 2013, dated July 16, 2013.*

6. Attached as Exhibit D is a true and correct copy of the form of that certain Indenture Between GMACM Home Equity Loan Trust 2005-HE1, as Issuer, and Wells Fargo Bank, N.A., as Indenture Trustee, dated as of March 29, 2005, which was filed with the Securities and Exchange Commission (the “SEC”).

7. Attached as Exhibit E is a true and correct copy of the form of that certain Indenture Between GMACM Home Equity Loan Trust 2007-HE2, as Issuer, and The Bank of New York Trust Company, N.A., as Indenture Trustee, dated as of June 28, 2007, which was filed with the SEC.

8. Attached as Exhibit F is a true and correct copy of the form of that certain Indenture Between Home Equity Loan Trust 2006-HSA2, as Issuer, and JPMorgan Chase Bank, N.A., as Indenture Trustee, dated as of February 24, 2006, which was filed with the SEC.

9. Attached as Exhibit G is a true and correct copy of the form of that certain Pooling and Servicing Agreement among Residential Asset Mortgage Products, Inc., as Depositor, Residential Funding Corporation, as Master Servicer, and U.S. Bank National Association, as Trustee, for those certain Mortgage Asset-Backed Pass-Through Certificates, Series 2005-EFC7, dated as of December 1, 2005, which was filed with the SEC.

10. Attached as Exhibit H is a true and correct copy of the form of that certain Pooling and Servicing Agreement among Residential Funding Mortgage Securities II, Inc., as the Company, Residential Funding Corporation, as Master Servicer, and JPMorgan Chase Bank, N.A., as Trustee, for those certain Home Equity Loan Pass-Through Certificates, Series 2006-HSA1. Dated as of January 1, 2006, which was filed with the SEC.

11. Attached as Exhibit I is a true and correct copy of the form of that certain Pooling and Servicing Agreement among Residential Asset Securities Corporation, as the Depositor, Residential Funding Corporation, as Master Servicer, and JPMorgan Chase Bank, N.A., as Trustee, for those certain Home Equity Mortgage Asset-Backed Pass-Through Certificates, Series 2004-KS7, dated as of July 1, 2004, which was filed with the SEC.

12. Attached as Exhibit J is a true and correct copy of the Current Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934, filed by Bank of America Corporation on May 6, 2013, together with Exhibit 99.1 thereto.

13. Attached as Exhibit K is a true and correct copy of that certain Press Release, Assured Guaranty Ltd., *Assured Guaranty Ltd. Announces Settlement with Bank of America*, dated April 15, 2011.

14. Attached as Exhibit L is a true and correct copy of that certain Press Release, Syncora Guarantee, *Syncora Guarantee Settles its Countrywide Litigation*, dated July 17, 2012.

I declare under penalty of perjury, pursuant to 28 U.S.C. § 1746, that the foregoing is true and correct.

Dated: New York, New York
July 29, 2013

/s/ Paul V. Shalhoub

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